



**STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
STATE CAPITOL
NASHVILLE, TENNESSEE 37243-0285**

**DAVE GOETZ
COMMISSIONER**

**FOR IMMEDIATE RELEASE
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JULY REVENUES

NASHVILLE – Tennessee's sales tax collections continued to underperform in July, as state economists predicted in late spring.

Finance and Administration Commissioner Dave Goetz reported today that overall July revenues totaled \$854.6 million or \$49.6 million less than the state budgeted.

"The state sales tax is the core of the revenue stream in Tennessee, but in five of the past seven months we've had a negative growth rate in the sales tax," Goetz said. "From January through July our growth rate in the sales tax was negative 1.13 percent, compared with the same period last year.

"Fortunately, in May, we prepared for the dip in collections, and continue to base our spending decisions conservatively so the state is able to navigate the economy."

On an accrual basis, July is the twelfth month in the 2007-2008 fiscal year.

The general fund was under collected by \$66.6 million, and the four other funds were over collected by \$17.0 million.

Sales tax collections were \$32.2 million less than the estimate for July. The July growth rate was negative 1.36%. For twelve months revenues are under collected by \$236.7 million. The year-to-date growth rate for twelve months was 0.68%.

Franchise and excise taxes combined were \$5.8 million under the budgeted estimate of \$59.0 million. For twelve months revenues are under collected by \$170.5 million.

Inheritance and estate tax collections were \$8.9 million above the July estimate. For twelve months collections are \$20.1 million above the budgeted estimate.

Tobacco tax collections were \$2.8 below the budgeted estimate of \$28.3 million. For twelve months revenues are under collected by \$71.4 million.

Gasoline and motor fuel tax collections for July decreased by 10.70 %. For twelve months revenues are over collected by \$7.8 million.

Year-to-date collections for twelve months were \$483.2 million less than the budgeted estimate. The general fund was under collected by \$511.3 million and the four other funds were over collected by \$28.1 million.

The budgeted revenue estimates are based on the State Funding Board's consensus recommendation adopted by the first session of the 105th General Assembly in June of 2007. The revised estimates for this fiscal year as presented in the 2008-2009 Budget Document assume an under collection in the general fund in the amount of \$180.0 million, and a shortfall in total tax collections of \$165.4 million. The State Funding Board met again on April 29 and May 1, 2008 and adopted revised revenue growth ranges for the current fiscal year ranging from 0.25% to 1.00% for total taxes and -0.50% to 0.25% in general fund taxes. These ranges recognize a revenue shortfall in total taxes from the original budgeted estimate in the amount of \$562.8 million at the low end to \$479.9 million at the high end. The ranges for the general fund recognize a shortfall of \$564.0 at the low end to \$494.5 million at the high end.

Total revenue collections on a year-to-date basis are \$3.3 million less than the revised estimates adopted by the State Funding Board in May of this fiscal year, and \$16.8 million below the revised general fund estimate.

Collections for July recognize a year end sales tax adjustment for the Transportation Equity Fund.

Year-to-date collections are subject to final accrual adjustments.

**REVENUE COLLECTIONS
JULY, 2008, AND 12 MONTHS YEAR-TO-DATE**

July Collections:

	Budgeted Accrual Estimate	Actual	Difference
General Fund	\$746,271,000	\$679,671,000	(\$66,600,000)
Highway Fund	61,780,000	82,426,000	20,646,000
Sinking Fund	26,996,000	26,586,000	(410,000)
City & County Fund	65,687,000	62,503,000	(3,184,000)
Earmarked Fund	3,484,000	3,463,000	(21,000)
Total	\$904,218,000	\$854,649,000	(\$49,569,000)

Year-To-Date Collections:

	Budgeted Accrual Estimate	Actual	Difference
General Fund	\$9,778,900,000	\$9,267,621,000	(\$511,279,000)
Highway Fund	710,400,000	731,708,000	21,308,000
Sinking Fund	320,400,000	318,385,000	(2,015,000)
City & County Fund	833,400,000	842,012,000	8,612,000
Earmarked Fund	34,600,000	34,787,000	187,000
Total	\$11,677,700,000	\$11,194,513,000	(\$483,187,000)

Table 1
Tennessee Department of Revenue
Comparative Statement of Collected Revenues

Class of Tax	July			
	2007	2008	Change	Percent
Franchise & Excise	\$53,322,000	\$53,153,000	-\$169,000	-0.32%
Income	934,000	2,012,000	1,078,000	115.42%
Inheritance & Estate	5,709,000	16,030,000	10,321,000	180.78%
Gasoline	56,166,000	50,044,000	-6,122,000	-10.90%
Petroleum Special	5,836,000	5,286,000	-550,000	-9.42%
Tobacco	10,074,000	25,536,000	15,462,000	153.48%
Beer	1,627,000	1,701,000	74,000	4.55%
Motor Vehicle Registration	21,215,000	20,470,000	-745,000	-3.51%
Motor Vehicle Title	932,000	986,000	54,000	5.79%
Mixed Drink	4,734,000	4,695,000	-39,000	-0.82%
Business	3,126,000	3,393,000	267,000	8.54%
Privilege	31,546,000	22,738,000	-8,808,000	-27.92%
Gross Receipts	12,219,000	6,003,000	-6,216,000	-50.87%
TVA - In Lieu of Tax Payments	21,115,000	22,012,000	897,000	4.25%
Alcoholic Beverage	3,857,000	3,778,000	-79,000	-2.05%
Sales and Use	608,433,000	600,147,000	-8,286,000	-1.36%
Motor Vehicle Fuel	18,042,000	16,148,000	-1,894,000	-10.50%
Severance	122,000	267,000	145,000	118.85%
Coin-operated Amusement	179,000	86,000	-93,000	-51.96%
Unauthorized Substance	63,000	164,000	101,000	160.32%
Total	\$859,251,000	\$854,649,000	-\$4,602,000	-0.54%

Table 2
Tennessee Department of Revenue
Comparative Statement of Collected Revenues

Class of Tax	August - July			
	2006-2007	2007-2008	Change	Percent
Franchise & Excise	\$1,749,058,000	\$1,650,405,000	-\$98,653,000	-5.64%
Income	248,837,000	292,064,000	43,227,000	17.37%
Inheritance & Estate	109,927,000	113,785,000	3,858,000	3.51%
Gasoline	612,770,000	616,809,000	4,039,000	0.66%
Petroleum Special	65,324,000	65,094,000	-230,000	-0.35%
Tobacco	135,964,000	287,896,000	151,932,000	111.74%
Beer	18,393,000	18,775,000	382,000	2.08%
Motor Vehicle Registration	259,860,000	253,723,000	-6,137,000	-2.36%
Motor Vehicle Title	11,105,000	11,393,000	288,000	2.59%
Mixed Drink	53,580,000	54,938,000	1,358,000	2.53%
Business	135,531,000	137,568,000	2,037,000	1.50%
Privilege	350,675,000	314,214,000	-36,461,000	-10.40%
Gross Receipts	26,802,000	20,283,000	-6,519,000	-24.32%
TVA - In Lieu of Tax Payments	247,478,000	270,333,000	22,855,000	9.24%
Alcoholic Beverage	41,765,000	43,556,000	1,791,000	4.29%
Sales and Use	6,810,243,000	6,856,607,000	46,364,000	0.68%
Motor Vehicle Fuel	185,686,000	182,422,000	-3,264,000	-1.76%
Severance	1,572,000	2,501,000	929,000	59.10%
Coin-operated Amusement	341,000	252,000	-89,000	-26.10%
Unauthorized Substance	1,593,000	1,895,000	302,000	18.96%
Total	\$11,066,504,000	\$11,194,513,000	\$128,009,000	1.16%

Table 3
August - July Revenue Overcollections/(Undercollections)
Budgeted Estimate

	General Fund	Other Funds	Total
Sales Tax	\$ (249,000,000)	\$ 12,300,000	\$ (236,700,000)
Income Tax	19,200,000	9,700,000	28,900,000
Inheritance Tax	20,100,000	0	20,100,000
Privilege Tax	(65,500,000)	200,000	(65,300,000)
Business Tax	3,400,000	0	3,400,000
TVA	5,300,000	3,900,000	9,200,000
Gross Receipts	(3,000,000)	0	(3,000,000)
Gasoline & Motor Fuel Taxes	0	7,800,000	7,800,000
Motor Vehicle Registration	(200,000)	(6,100,000)	(6,300,000)
Other Taxes	(71,100,000)	300,000	(70,800,000)
Sub-Total	\$ (340,800,000)	\$ 28,100,000	\$ (312,700,000)
F & E Taxes	(170,500,000)	0	(170,500,000)
Total	\$ (511,300,000)	\$ 28,100,000	\$ (483,200,000)